

108TH CONGRESS
1ST SESSION

H. R. 199

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 2003

Mr. STEARNS (for himself, Mr. CRANE, Mr. BOEHNER, Mr. BURR, Mr. FORBES, Mr. HEFLEY, Mr. ISAKSON, Mr. JEFFERSON, Mrs. JOHNSON of Connecticut, Mr. LAHOOD, Mr. LEACH, Mr. LEWIS of Kentucky, Mr. OTTER, Mr. PAUL, Mr. PRICE of North Carolina, Mr. RAMSTAD, Mr. SCHROCK, Mr. SHIMKUS, Mr. SIMMONS, and Mr. WILSON of South Carolina) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to repeal the 2 percent excise tax on the net investment income of tax-exempt foundations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REPEAL OF EXCISE TAX ON NET INVESTMENT**
4 **INCOME OF TAX-EXEMPT FOUNDATIONS.**

5 (a) REPEAL.—Subsection (a) of section 4940 of the
6 Internal Revenue Code of 1986 (relating to excise tax
7 based on investment income) is repealed.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 4940 of such Code is amended—

3 (A) by redesignating subsections (b), (c),
4 and (d) as subsections (a), (b), and (c), respec-
5 tively,

6 (B) by striking subsection (e), and

7 (C) in subsection (a), as redesignated by
8 subparagraph (A), by striking “(A) the tax im-
9 posed under subsection (a) (computed as if such
10 subsection applied to such private foundation
11 for the taxable year),” and inserting “(A) an
12 amount equal to 2 percent of the net invest-
13 ment income of such foundation for the taxable
14 year,”.

15 (2) Section 4942(f)(3)(A) of such Code is
16 amended by striking “section 4940(c)(3)(B)” and
17 inserting “section 4940(b)(3)(B)”.

18 (3) Section 4945(d)(4)(A) of such Code is
19 amended by striking “section 4940(d)(2)” and in-
20 serting “section 4940(c)(2)”.

21 (4) Section 4948(a) of such Code is amended
22 by striking “section 4940(c)(2)” and inserting “sec-
23 tion 4940(b)(2)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2003.

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